



**Jardine Matheson**

**JARDINE MATHESON HOLDINGS LIMITED**  
Securities and Exchange Commission File No.82-2963

Jardine Matheson Holdings Limited  
Jardine House, Reid Street  
Hamilton, Bermuda



## Press Release

www.jardines.com

To: Business Editor

**SUPPL**

23rd February 2004  
For immediate release

### **Jardine Lloyd Thompson Group plc** **Preliminary Results for the Year Ended 31st December 2003** **(Unaudited)**

The following press release was issued today by the Company's 32%-owned associate, Jardine Lloyd Thompson Group plc.

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23rd February 2004

**JARDINE LLOYD THOMPSON GROUP plc**  
**PRELIMINARY RESULTS FOR THE YEAR ENDED 31st DECEMBER 2003**  
**(UNAUDITED)**

Jardine Lloyd Thompson Group plc ("JLT" or "the Group") today announces preliminary results for the year ended 31st December 2003.

**Financial Highlights**

- **Turnover increased from £388.6 million to £429.0 million** up 10%
- **Trading profit\* increased from £79.6 million to £92.1 million** up 16%
- **Profit before tax, exceptional items and goodwill amortisation increased from £102.3 million to £113.7 million** up 11%
- **Profit before tax increased from £100.7 million to £111.0 million** up 10%
- Diluted earnings per share (before exceptional items and goodwill amortisation) increased from 34.8p to 38.2p up 10%
- Diluted earnings per share increased from 34.0p to 36.3p up 7%
- Dividend per share increased from 18.5p to 20.5p up 11%

\* defined as turnover less operating expenses, excluding exceptional items and goodwill amortisation

**The comparative financial information for 2002 has been restated (see note 2, page 12)**

**Operational Highlights**

- Risk & Insurance - Revenue growth of 12%, and trading margin of 27%. Expansion of USA specialist business and strong growth of retail operations.
- Significant strengthening of Property and Aviation insurance teams in Risk Solutions.
- Employee Benefits - Good underlying growth in UK operations and improved trading margins in both UK and USA.

Steve McGill, Chief Executive, commented:

"In 2003 we have continued to make good progress in terms of our financial results and building the business for the future.

Looking ahead, if the US dollar remains at its present levels, this will inevitably have an impact on our reported results over the next two years.

Against this background, we see excellent opportunities to continue to drive our underlying business forward by adding more skills and capabilities to the Group, expanding our international reach and continuing to build a diversified, yet balanced business over the longer term and we view the future with confidence."

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**FULL RELEASE FOLLOWS:**

## **PRELIMINARY STATEMENT**

Jardine Lloyd Thompson has maintained its record of year on year growth in 2003 with profit before goodwill amortisation, exceptional items and taxation increasing 11% to £113.7 million (2002: £102.3 million). Profit before tax has increased from £100.7 million to £111.0 million, an increase of 10%.

Turnover grew by 10% to £429.0 million (2002: £388.6 million) and the Group's trading profit - turnover less expenses and excluding goodwill amortisation - grew by 16% to £92.1 million (2002: £79.6 million).

The overall performance reflects continued organic growth across the Group and builds upon the growth achieved in our core businesses in recent years.

### **Operational Review**

#### *Group Strategy*

During the year we have continued to strengthen the business with selective acquisitions and the recruitment of individuals and teams.

Within Risk Solutions, we acquired some high quality teams in Property and Aviation insurance, significantly strengthening our position in these areas. Both of these developments occurred in the last quarter of 2003 and consequently had little impact on revenue for 2003.

We have also substantially invested in the expansion of Capital Risk, our US based specialty retail insurance broking operation. Our strategy is to build a national specialist network with the credibility to compete against the giant global broking firms whilst maintaining good relationships with our US regional broking partners.

In the first quarter of 2003, Capital Risk acquired Texas Specialty and at the end of the year acquired HCC's specialty life, accident and health insurance broking business. Capital Risk now covers a range of disciplines and operates from eight US offices with 125 staff. At the end of the year we also took the opportunity to buy out the minority interest in this business.

In Employee Benefits, we continue to develop our services to the traditional UK pension market. In addition to providing consulting and actuarial services to companies, trustees and life assurers, we have secured a strong position in the outsourced administration of traditional pension schemes. There has been a good flow of new business in 2003 relating to corporate pension schemes and life assurers' portfolios and this trend has continued into 2004.

In the USA, we continue to reposition the business to improve growth and operating margins and in both the UK and USA the pipeline for new business is encouraging.

### *Insurance Market Overview*

2003 saw some stability returning to the insurance market, with supply and demand finding an equilibrium not present in 2002. A benign claims year and the toughened pricing environment allowed insurers and reinsurers the opportunity to begin to rebuild their balance sheets.

We believe that on a macro basis, the market will remain disciplined in its underwriting approach through to the end of 2005, notwithstanding the fact that there is softening in some sectors.

There are several reasons for this. One driver is the need for underwriters to continue to underwrite for a profit, as low interest rates and uncertainties in the equity markets are likely to do little to bolster their income in the near term. Furthermore, past underwriting continues to affect the prospects for the future and reserve strengthening will continue to be a key feature over the next few years.

### *Risk & Insurance*

Risk & Insurance Group revenue from continuing operations increased by 12% to £352.8 million for the year (12% at constant rates of exchange). Trading profit was £94.4 million, 8% ahead of 2002, giving a trading margin of 27% compared to 28% in the prior year. Profit before tax for the Risk & Insurance business segment was £110.3 million, up from £105.9 million, an increase of 4%.

Risk Solutions achieved 10% revenue growth in 2003 at constant rates of exchange. The trading margin was 28%, as opposed to 31% in 2002, reflecting the significant investment we have made in new teams and acquisitions. In London, Accident & Health, Casualty, Energy, Industry Risks and Non-Marine Reinsurance achieved strong growth. Our relatively new Financial & Professional risks business grew substantially whilst both our Bermuda operation and Agnew Higgins Pickering again achieved excellent results. By comparison, our high margin Aviation and Marine Reinsurance businesses in London and our Reinsurance business in the US under performed. This was mainly a consequence of the hard market and its impact on reinsurance buying as key insurance groups restructured their programmes and in many cases spent less on reinsurance and substantially increased retentions. This trend, which impacted us in 2003, was even more pronounced at the 1st January 2004 renewal season. This underlines the value to JLT of having a broadly based and diverse risk and insurance business which is not just centred on London but also being established in some of the key economies around the world.

The overall performance of our retail business, which makes up the balance of the Risk & Insurance group was excellent.

Australia and New Zealand achieved outstanding results with revenue increasing by 16% at constant rates of exchange, this follows on from the 20% increase achieved in 2002. An impressive margin of 28% was achieved, up from 25% in 2002.

Asia's 4% increase in turnover equates to a 13% increase at constant rates of exchange and again shows an improvement in margin from 22% to 24%.

Our mid-market retail broking activities in the UK and Ireland also had a strong year with an 18% increase in revenue and a continued improvement in margins from 21% to 22%. During 2003, we strengthened our UK mid-market business with the acquisition of Thomas Winter Insurance Brokers.

Canada also had a successful year, increasing turnover by 23%. The trading margin reduced from 20% to 18%, reflecting increased costs as we continued building this business for the future.

#### *Employee Benefits*

Employee Benefits Group revenue increased by 2.3% to £76.2 million (5% at constant rates of exchange). Profit before tax for the Employee Benefit business segment was £9.7 million, up from £7.0 million, an increase of 38%. Trading profit was £10.1 million, an increase of 22% on 2002, giving a trading margin of 13% compared to 11% in the prior year.

In the UK and Ireland, revenue was £51.1 million, 8% ahead of 2002 (15% ahead excluding the effect of pensions review work which is now concluded). The trading margin improved from 11% to 13%.

Revenues were driven through a mixture of new client acquisitions, client penetration and fee increases at contract renewal. New business gains were achieved across the full range of our services.

Our Employee Benefits business already has a market leading position as one of the largest suppliers of outsourced administration services to third party pension providers. This position was further strengthened with the acquisition of AMP's SIPP operations in Cardiff, which included the transfer of 40 staff to JLT. This was concluded in October of 2003.

In the USA, revenue was £25.1 million, a decline of 7%, reflecting the weakness of the dollar in 2003. At constant rates of exchange growth was a modest 2%. However, the trading margin improved from 11% to 14% and this business has been repositioned for growth.

## **Latin America**

JLT is currently in exclusive discussions with Heath Lambert Holdings regarding the possible acquisition of its majority shareholdings in certain of its insurance and reinsurance broking companies in Latin America. These discussions are still at a relatively early stage and remain subject to contract and due diligence. We will update the market further as the position develops. Should this proceed, the consideration would be satisfied in cash.

## **Pensions**

The disclosures required by FRS 17 in relation to the Group's defined benefit schemes (which are included within note 14 to the attached financial statements) show, *inter alia*, a deficit in respect of the UK scheme of £157 million which, after allowance for deferred tax, would translate into a balance sheet liability of £109.9 million.

Although these figures provide only a limited basis for assessing the financial adequacy or future cost to the Group of funding the scheme, they do to some extent reflect the impact of more fundamental influences, such as increased life expectancy and lower anticipated real rates of return, the long term effects of which need to be addressed.

As a result, it has been decided since the year end that the Group's UK defined benefit scheme will be closed to new entrants and that certain changes will be made to the benefits that will accrue to existing members in respect of future service. The Group has also decided that such changes should be accompanied by a special one-off contribution of £50 million to the scheme in 2004 which will have a significant and immediate impact in reducing the existing deficit.

Our employees remain our most important asset and this response underlines our commitment to our staff. We also consider that this strikes an appropriate balance between the interests of scheme members, the Group and its shareholders.

## **Restructure of SIACI**

During the year the Group exchanged its former 31% interest in Marot, the holding company of its French associate, SIACI, for a 31% holding in a newly formed company, Courcelles, in a restructuring which involved, *inter alia*, the assumption by Courcelles of bank borrowings of some £104 million and the disposal by SIACI of its former 5.1% cross shareholding in Jardine Lloyd Thompson Group plc. In addition to the 31% shareholding in Courcelles, the Group received £31.7 million in cash.

The financial effects of this transaction are explained in note 6 and note 11 of this statement.

## **Foreign Exchange**

The Group's major transaction exposure arises in respect of US dollar revenue earned in the UK. This represented some 48% of our total revenue for 2003 (2002: 52%) and the Group's results are therefore highly sensitive to changes in the Sterling/US dollar exchange rate, each one cent movement representing, on an unhedged basis, approximately £900,000 of profit before tax.

The Group adopts a prudent approach to the management of this exposure with a rolling hedging programme with the objective of selling forward a minimum of 50% of US dollar income projected for the following 12 months and 25% for the subsequent 12 months.

In 2003, the Group achieved a rate of US\$1.47 compared to actual average rate for the year of US\$1.64.

At the beginning of 2004, some 73% of our anticipated dollar earnings for 2004 were covered at a rate of US\$1.48 and for 2005 some 44% of dollar earnings are covered at a rate of US\$1.61. If the dollar remains at its present level, or weakens further over a sustained period, it would inevitably have an impact on our reported 2004 results and be of even greater significance in 2005.

## **Exceptional Items**

The exceptional items, representing a net credit of £1.1 million, reflect the creation of provisions in respect of surplus properties, asset impairment charges, the disposal of small non-core businesses and the Group's share of the gain within SIACI arising from disposal of its former 5.1% shareholding in JLT.

## **Dividends**

Subject to shareholder approval, a final dividend of 12p per share for the year to 31st December 2003 will be paid on 4th May 2004 to shareholders on the register at 2nd April 2004. This brings the total dividend for the year to 20.5p per share, an increase of 11%.

## **Prospects**

Looking ahead over the next two years, if the US dollar remains at current levels, it will inevitably have an impact on our reported results. However, JLT's underlying business remains strong and is likely to benefit from a number of initiatives now underway.

In Risk Solutions, which is the area of our business that is particularly affected by the weakness of the dollar, the changing reinsurance environment will also have an impact on the results, particularly in the first half of 2004. The benefits from the recent recruitment initiatives

and bolt on acquisitions should become more apparent in the second half but overall, 2004 is likely to be a year of transition as the business is repositioned.

In the meantime, our retail operations around the world are performing extremely well. In the USA, we expect to build on the very strong foundations put in place in 2003 and we are actively looking to enter new parts of the world, which could leverage JLT's expertise and provide new and exciting opportunities for the Group.

JLT's Employee Benefits business has put in place a strategy to capitalise on the opportunities that their dynamic market presents. The underlying business performed well in 2003 and has made a very good start in 2004. Our goal remains to build the business further both organically and by acquisition.

We see excellent opportunities to continue to drive our underlying business forward by adding more skills and capabilities to the Group, expanding our international reach and continuing to build a diversified, yet balanced business over the longer term and we view the future with confidence.

*Results follow*

*Continued on P.8*



**Jardine Lloyd Thompson Group plc**  
**Consolidated Profit and Loss Account**  
**For the year ended 31st December 2003**

		Continuing operations acquisitions		Restated see note 2
	Notes	2003 £'000	2003 £'000	2002 £'000
<b>TURNOVER</b>	2,4	<b>422,790</b>	<b>6,258</b>	<b>429,048</b>
Investment income		17,307	27	17,334
<b>Operating revenue</b>		<b>440,097</b>	<b>6,285</b>	<b>446,382</b>
Trading expenses		(328,311)	(8,641)	(336,952)
Goodwill amortisation		(3,419)	(354)	(3,773)
Exceptional items	5	(3,597)	-	(3,597)
<b>Operating expenses</b>		<b>(335,327)</b>	<b>(8,995)</b>	<b>(344,322)</b>
<b>Operating profit</b>		<b>104,770</b>	<b>(2,710)</b>	<b>102,060</b>
Share of operating profit in associates		6,135	-	6,135
Profits on the sale or closure of operations - exceptional	6	4,678	-	4,678
Interest payable and similar charges		(1,801)	(57)	(1,858)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2,3,4	<b>113,782</b>	<b>(2,767)</b>	<b>111,015</b>
Taxation on profit on ordinary activities	2,7			(35,276)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>				<b>75,739</b>
Minority interests	2			(2,935)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	2			<b>72,804</b>
Dividends	8			(40,945)
<b>RETAINED PROFIT FOR THE YEAR</b>				<b>31,859</b>
<b>EARNINGS PER SHARE</b>	2,10			
Basic			36.9p	35.0p
Diluted			36.3p	34.0p
Basic, excluding exceptional items			36.9p	34.2p
Diluted, excluding exceptional items			36.3p	33.2p
Basic, excluding exceptional items and goodwill amortisation			38.8p	35.9p
Diluted, excluding exceptional items and goodwill amortisation			38.2p	34.8p

**Jardine Lloyd Thompson Group plc**  
**Consolidated Balance Sheet**  
**As at 31st December 2003**

		<b>Group</b>	
		<b>2003</b>	Restated see note 2
	<b>Notes</b>	<b>£'000</b>	<b>2002</b> <b>£'000</b>
<b>FIXED ASSETS</b>			
Intangible assets		114,123	50,993
Tangible assets		28,544	26,924
Investments in associated undertakings	11	332	7,208
Other investments		1,759	1,540
Employee benefit trusts		27,630	12,966
		<b>172,388</b>	<b>99,631</b>
<b>CURRENT ASSETS</b>			
Debtors	2	1,865,007	1,986,790
Investments and deposits		387,892	325,021
Cash		113,070	97,507
		<b>2,365,969</b>	<b>2,409,318</b>
<b>CREDITORS – amounts falling due within one year</b>	2	<b>(2,264,624)</b>	<b>(2,267,215)</b>
<b>NET CURRENT ASSETS</b>		<b>101,345</b>	<b>142,103</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>273,733</b>	<b>241,734</b>
<b>CREDITORS – amounts falling due after more than one year</b>		<b>(658)</b>	<b>(5,515)</b>
<b>INVESTMENT IN ASSOCIATED UNDERTAKING</b>	11	<b>(19,790)</b>	<b>-</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	2	<b>(57,095)</b>	<b>(77,108)</b>
<b>MINORITY INTERESTS</b>	2	<b>(5,694)</b>	<b>(5,183)</b>
	4	<b>190,496</b>	<b>153,928</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		10,075	9,981
Share premium account		32,442	26,897
Profit and loss account		147,979	117,050
<b>SHAREHOLDERS' FUNDS</b>	2	<b>190,496</b>	<b>153,928</b>

**Jardine Lloyd Thompson Group plc**  
**Statement of Group Total Recognised Gains and Losses**  
**For the year ended 31st December 2003**

	2003 £'000	Restated see note 2 2002 £'000
<b>PROFIT FOR THE YEAR</b>		
Group companies	67,569	65,391
Share of associates	5,235	2,411
	<b>72,804</b>	<b>67,802</b>
Currency translation differences on foreign currency net investments	16	(2,465)
<b>TOTAL RECOGNISED GAINS RELATING TO THE YEAR</b>	<b>72,820</b>	<b>65,337</b>
Prior year adjustment (refer note 2 on page 12)	(2,968)	-
<b>TOTAL RECOGNISED GAINS SINCE LAST ANNUAL REPORT</b>	<b>69,852</b>	<b>65,337</b>

**Reconciliation of Movement in Group Shareholders' Funds**  
**For the year ended 31st December 2003**

	2003 £'000	Restated see note 2 2002 £'000
<b>PROFIT FOR THE YEAR</b>		
Group companies	67,569	65,391
Share of associates	5,235	2,411
	<b>72,804</b>	<b>67,802</b>
Dividends	(40,945)	(36,762)
Goodwill movements	-	365
Currency translation and other items	16	(2,465)
Contribution to QUEST (note 9 on page 17)	(946)	(5,000)
New shares issued	5,639	7,191
<b>NET MOVEMENT IN SHAREHOLDERS' FUNDS</b>	<b>36,568</b>	<b>31,131</b>
<b>OPENING SHAREHOLDERS' FUNDS</b>	<b>156,896</b>	<b>125,957</b>
Prior year adjustment (refer note 2 on page 12)	(2,968)	(3,160)
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<b>190,496</b>	<b>153,928</b>

**Jardine Lloyd Thompson Group plc**  
**Consolidated Cash Flow Statement**  
**For the year ended 31st December 2003**

		2003 £'000	Restated see note 2 2002 £'000
	Notes		
<b>OPERATING ACTIVITIES</b>			
Net cash inflow from operating activities	12	106,574	89,522
<b>DIVIDENDS FROM JOINT VENTURES AND ASSOCIATES</b>			
Dividends received from associates		352	783
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>			
Interest received		17,805	20,228
Interest paid – other loans and finance leases		(416)	(535)
Dividends paid to minority shareholders		(43)	(33)
<b>TAXATION</b>			
UK corporation tax paid		(23,264)	(16,597)
Overseas tax paid		(9,385)	(6,341)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Purchase of tangible fixed assets		(10,106)	(13,650)
Sales of tangible fixed assets		766	1,927
<b>ACQUISITIONS AND DISPOSALS</b>			
Purchase of investments by employee benefit trust		(19,901)	(5,936)
Purchase of subsidiary undertakings	13	(15,200)	(2,258)
Net cash acquired with subsidiaries	13	66	153
Disposal of businesses	13	142	6,057
Net cash disposed of with businesses	13	-	(47)
Issue of shares to minority shareholders in subsidiary undertakings		-	421
Purchase of fixed asset investments		-	(71)
Sale of fixed asset investments		4	23
Restructuring of investment in associate	11	31,663	-
<b>EQUITY DIVIDENDS PAID</b>			
Dividends paid		(38,786)	(33,368)
<b>NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>			
		40,271	40,278
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Net cash flows into investments and deposits	12	(62,871)	(8,989)
<b>FINANCING</b>			
Issue of ordinary shares	9,12	4,693	2,191
Movement in debt	12	(4,791)	(5,917)
(Decrease)/Increase in cash (excluding insurance broking funds)		(22,698)	27,563
Increase/(Decrease) in net insurance broking creditors		29,737	(19,262)
Net insurance broking cash at date of acquisition or disposal		9,433	-
<b>INCREASE IN CASH IN THE YEAR</b>			
	12	16,472	8,301

**Jardine Lloyd Thompson Group plc**  
**Notes to the Preliminary Results**  
**For the year ended 31st December 2003**

**1. Basis of Accounting**

The Group financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with applicable accounting policies and the Companies Act 1985.

**2. Restatement of comparatives**

Following publication of Financial Reporting Standard 5 Application Note G the Group has changed its revenue recognition policy. The impact of this change is, firstly to accelerate revenue on instalment business to reflect the performance of service under the contract and secondly, to defer a portion of revenue to recognise post-placement contractual obligations. The comparative figures for the year ended 31st December 2002 have been restated to reflect this change.

The effects of restating comparative information are summarised below.

	As previously reported £'000	Effect of Application Note G £'000	As restated £'000
<b>Year ended 31st December 2002</b>			
Turnover	388,144	482	<b>388,626</b>
Profit on ordinary items before taxation	100,182	482	<b>100,664</b>
Taxation on profit on ordinary activities	(30,923)	(109)	<b>(31,032)</b>
Minority Interests - profit and loss	(1,810)	(20)	<b>(1,830)</b>
Profitable attributable to shareholders	67,449	353	<b>67,802</b>
Debtors	1,913,491	73,299	<b>1,986,790</b>
Creditors	(2,190,791)	(76,424)	<b>(2,267,215)</b>
Provision for liabilities and charges	(77,112)	4	<b>(77,108)</b>
Minority Interests - balance sheet	(5,336)	153	<b>(5,183)</b>
Shareholders' funds	156,896	(2,968)	<b>153,928</b>
	Without adopting Application note G £'000	Effect of Application Note G £'000	As reported £'000
<b>Year ended 31st December 2003</b>			
Turnover	429,329	(281)	<b>429,048</b>
Profit on ordinary items before taxation	111,296	(281)	<b>111,015</b>
Taxation on profit on ordinary activities	(35,253)	(23)	<b>(35,276)</b>
Minority Interests - profit and loss	(3,009)	74	<b>(2,935)</b>
Profitable attributable to shareholders	73,034	(230)	<b>72,804</b>
Debtors	1,767,452	97,555	<b>1,865,007</b>
Creditors	(2,163,362)	(101,262)	<b>(2,264,624)</b>
Minority Interests - balance sheet	(5,919)	225	<b>(5,694)</b>
Shareholders' funds	193,978	(3,482)	<b>190,496</b>

**Jardine Lloyd Thompson Group plc**  
**Notes to the Preliminary Results**  
**For the year ended 31st December 2003**

**2. Restatement of comparatives cont'd**

	Earnings per share (pence)					
	Basic	Diluted	Basic, excluding exceptional items	Diluted, excluding exceptional items	Basic, excluding exceptional items and goodwill amortisation	Diluted, excluding exceptional items and goodwill amortisation
<b>Year ended 31st December 2002</b>						
As previously reported	34.8	33.8	34.1	33.0	35.7	34.7
Effect of Application note G	0.2	0.2	0.1	0.2	0.2	0.1
As reported	35.0	34.0	34.2	33.2	35.9	34.8
<b>Year ended 31st December 2003</b>						
Without adopting Application note G	37.0	36.4	37.0	36.4	38.9	38.3
Effect of Application note G	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
As reported	36.9	36.3	36.9	36.3	38.8	38.2

**3. Alternative profit statement**

The format of the profit and loss account on page 8 conforms to the requirements of the Companies Act 1985. The alternative profit statement set out below, which is provided by way of additional information, has been prepared on a basis that conforms more closely to the approach adopted by the Group in assessing its performance.

	2003 £'000	Continuing operations Acquisitions 2003 £'000	2003 £'000	Restated see note 2 2002 £'000
<b>Turnover</b>	<b>422,790</b>	<b>6,258</b>	<b>429,048</b>	<b>388,626</b>
Trading expenses	(328,311)	(8,641)	(336,952)	(309,069)
<b>Trading profit (see below)</b>	<b>94,479</b>	<b>(2,383)</b>	<b>92,096</b>	<b>79,557</b>
Investment income	17,307	27	17,334	19,698
Share of operating profit in associates	6,135	-	6,135	5,186
Interest payable and similar charges	(1,801)	(57)	(1,858)	(2,111)
<b>Profit on ordinary activities before taxation, exceptional items and goodwill amortisation</b>	<b>116,120</b>	<b>(2,413)</b>	<b>113,707</b>	<b>102,330</b>
Goodwill amortisation	(3,419)	(354)	(3,773)	(3,235)
<b>Profit on ordinary activities before taxation and exceptional items</b>	<b>112,701</b>	<b>(2,767)</b>	<b>109,934</b>	<b>99,095</b>
Exceptional items	(3,597)	-	(3,597)	(2,525)
Profits on the sale or closure of operations - exceptional	4,678	-	4,678	4,094
<b>Profit on ordinary activities before taxation</b>	<b>113,782</b>	<b>(2,767)</b>	<b>111,015</b>	<b>100,664</b>

**Jardine Lloyd Thompson Group plc**  
**Notes to the Preliminary Results**  
**For the year ended 31st December 2003**

**3. Alternative profit statement cont'd**

**Segmental analysis of trading profit**

	Continuing operations			Restated
	Acquisitions			see note 2
	2003	2003	2003	2002
	£'000	£'000	£'000	£'000
Risk and Insurance	97,180	(2,750)	94,430	87,420
Employee Benefits	9,777	367	10,144	8,290
Head Office/Other	(12,478)	-	(12,478)	(16,153)
	<b>94,479</b>	<b>(2,383)</b>	<b>92,096</b>	<b>79,557</b>

**4. Segmental information**

Turnover 31st December 2003	Risk & Insurance			Employee Benefits			Total 2003 £'000
	Acquisitions 2003 £'000	2003 £'000	Total 2003 £'000	Acquisitions 2003 £'000	2003 £'000	Total 2003 £'000	
<i>Geographical analysis by location of operation</i>							
United Kingdom	219,685	1,863	221,548	49,073	962	50,035	271,583
Americas	39,085	3,433	42,518	25,130	-	25,130	67,648
Australasia	48,796	-	48,796	-	-	-	48,796
Asia	31,445	-	31,445	-	-	-	31,445
Europe	8,509	-	8,509	1,067	-	1,067	9,576
	<b>347,520</b>	<b>5,296</b>	<b>352,816</b>	<b>75,270</b>	<b>962</b>	<b>76,232</b>	<b>429,048</b>
31st December 2002 - restated - see note 2	2002	2002	2002	2002	2002	2002	2002
<i>Geographical analysis by location of operation</i>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	202,427	-	202,427	46,621	-	46,621	249,048
Americas	36,361	-	36,361	27,024	-	27,024	63,385
Australasia	38,458	-	38,458	-	-	-	38,458
Asia	30,045	-	30,045	-	-	-	30,045
Europe	6,837	-	6,837	853	-	853	7,690
	<b>314,128</b>	<b>-</b>	<b>314,128</b>	<b>74,498</b>	<b>-</b>	<b>74,498</b>	<b>388,626</b>
31st December 2003	2003	2003	2003	2003	2003	2003	2003
<i>Geographical analysis by source of business</i>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	109,170	1,098	110,268	49,073	962	50,035	160,303
Americas	105,342	3,453	108,795	25,130	-	25,130	133,925
Australasia	53,429	485	53,914	-	-	-	53,914
Asia	38,527	-	38,527	-	-	-	38,527
Europe	34,469	260	34,729	1,067	-	1,067	35,796
Rest of the World	6,583	-	6,583	-	-	-	6,583
	<b>347,520</b>	<b>5,296</b>	<b>352,816</b>	<b>75,270</b>	<b>962</b>	<b>76,232</b>	<b>429,048</b>
31st December 2002 - restated - see note 2	2002	2002	2002	2002	2002	2002	2002
<i>Geographical analysis by source of business</i>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	93,915	-	93,915	46,621	-	46,621	140,536
Americas	100,935	-	100,935	27,024	-	27,024	127,959
Australasia	42,111	-	42,111	-	-	-	42,111
Asia	38,549	-	38,549	-	-	-	38,549
Europe	32,498	-	32,498	853	-	853	33,351
Rest of the world	6,120	-	6,120	-	-	-	6,120
	<b>314,128</b>	<b>-</b>	<b>314,128</b>	<b>74,498</b>	<b>-</b>	<b>74,498</b>	<b>388,626</b>

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**4. Segmental information cont'd**

<b>Profit on Ordinary Activities before taxation</b>		<b>United Kingdom</b>	<b>Australasia</b>	<b>Americas</b>	<b>Asia</b>	<b>Europe</b>	<b>Total</b>
<b>31st December 2003</b>		<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Risk & Insurance	continuing operations	74,527	14,534	8,402	7,499	2,129	107,091
	acquisitions	(84)	-	(3,020)	-	-	(3,104)
		<b>74,443</b>	<b>14,534</b>	<b>5,382</b>	<b>7,499</b>	<b>2,129</b>	<b>103,987</b>
	associates	-	-	-	256	5,001	5,257
	exceptional items	(1,218)	(162)	(2,331)	-	4,792	1,081
		<b>73,225</b>	<b>14,372</b>	<b>3,051</b>	<b>7,755</b>	<b>11,922</b>	<b>110,325</b>
Employee Benefits	continuing operations	5,512	-	3,607	-	239	9,358
	acquisitions	337	-	-	-	-	337
		<b>5,849</b>	<b>-</b>	<b>3,607</b>	<b>-</b>	<b>239</b>	<b>9,695</b>
Head Office/Other		<b>(10,201)</b>	<b>-</b>	<b>(550)</b>	<b>14</b>	<b>1,732</b>	<b>(9,005)</b>
<b>Group Total</b>		<b>68,873</b>	<b>14,372</b>	<b>6,108</b>	<b>7,769</b>	<b>13,893</b>	<b>111,015</b>
31st December 2002 - restated - see note 2		2002	2002	2002	2002	2002	2002
		£'000	£'000	£'000	£'000	£'000	£'000
Risk & Insurance	continuing operations	74,330	10,534	6,094	6,687	2,543	100,188
	acquisitions	-	-	-	-	-	-
		74,330	10,534	6,094	6,687	2,543	100,188
	associates	31	-	-	305	3,837	4,173
	exceptional items	1,565	-	(22)	750	(724)	1,569
		<b>75,926</b>	<b>10,534</b>	<b>6,072</b>	<b>7,742</b>	<b>5,656</b>	<b>105,930</b>
Employee Benefits	continuing operations	3,612	-	3,257	-	150	7,019
	acquisitions	-	-	-	-	-	-
		<b>3,612</b>	<b>-</b>	<b>3,257</b>	<b>-</b>	<b>150</b>	<b>7,019</b>
Head Office/Other		<b>(12,338)</b>	<b>-</b>	<b>(958)</b>	<b>36</b>	<b>975</b>	<b>(12,285)</b>
<b>Group Total</b>		<b>67,200</b>	<b>10,534</b>	<b>8,371</b>	<b>7,778</b>	<b>6,781</b>	<b>100,664</b>

The profit before tax and exceptional items for associates represents the Group share of operating profits of £6,135,000 (2002: £5,186,000) less interest payable of £878,000 (2002: £1,013,000).

<b>NET OPERATING ASSETS AND LIABILITIES</b>		<b>2003</b>	<b>Restated</b>
		<b>£'000</b>	<b>see note 2</b>
			<b>2002</b>
			<b>£'000</b>
United Kingdom		<b>97,909</b>	62,927
Europe		<b>22,793</b>	40,531
Asia		<b>24,325</b>	19,286
Australasia		<b>20,281</b>	14,802
Americas		<b>25,188</b>	16,382
		<b>190,496</b>	<b>153,928</b>



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**5. Exceptional Items**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Provision for vacant property costs	<b>3,012</b>	<b>2,525</b>
Asset impairment charge	<b>585</b>	<b>-</b>
	<b>3,597</b>	<b>2,525</b>

In the current and previous years additional provision has made relating to vacant property and where applicable certain fixed assets have been written down to their residual economic value to the Group.

**6. Profits/(losses) on the sale or closure of operations – exceptional**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Closure of Swiss operations	<b>(157)</b>	<b>-</b>
Sale of Gibbs Slade	<b>(162)</b>	<b>-</b>
Sale of Canadian "Auto Plan" licence	<b>48</b>	<b>-</b>
Sale of Professional Affinity Group Services Limited	<b>-</b>	<b>3,590</b>
Sale of investment in TDF Credit Insurance Limited	<b>-</b>	<b>500</b>
Sale of Jardine Insurance Services (Chile) Ltd	<b>-</b>	<b>(291)</b>
Partial disposal of JLT - SIACI s.r.l.	<b>-</b>	<b>285</b>
Closure of Indian operations	<b>-</b>	<b>(259)</b>
Sale of Flood Underwriters of the Southeast, Inc.	<b>-</b>	<b>133</b>
Sale of JLT Insurance Services Company	<b>-</b>	<b>199</b>
Partial disposal of Toronto business	<b>-</b>	<b>(63)</b>
	<b>(271)</b>	<b>4,094</b>
Share of exceptional gain in associate	<b>4,949</b>	<b>-</b>
	<b>4,678</b>	<b>4,094</b>

During the current and prior year the Group has sold or closed a number of operations. The resulting profits and losses from these transactions have been treated as exceptional items. In addition, during the year, MAROT Participations, the Group's French associate, sold its 5.1% cross shareholding in the Group. The Group has treated its share of the resulting gain as an exceptional item. Further information about this transaction is given in note 11 on page 19.

**Jardine Lloyd Thompson Group plc**  
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**7. Taxation on Profit on Ordinary Activities**

	2003 £'000	Restated see note 2 2002 £'000
<b>UK Corporation Tax</b>		
Current tax on income for the year	22,716	24,711
Deferred Taxation	(734)	(1,491)
<b>Foreign Tax</b>		
Current Tax on income for the year	9,417	6,178
Deferred Taxation	(1,084)	(80)
<b>Tax on share of operating profit in Associates</b>		
Current Tax on income for the year	4,963	1,759
Deferred Taxation	(2)	(45)
	<b>35,276</b>	<b>31,032</b>
Taxation on profit before exceptional items	34,159	30,924
Taxation charge on exceptional items	1,117	108
	<b>35,276</b>	<b>31,032</b>

**8. Dividend**

	2003 £'000	2002 £'000
<b>PROPOSED</b>		
Final dividend 12.0p per share (2002: 11.0p)	23,876	21,893
<b>PAID</b>		
2003 interim dividend 8.5p per share (2002: 7.5p)	17,069	14,869
	<b>40,945</b>	<b>36,762</b>

The final dividend is payable on 4th May 2004 to shareholders who are registered at the close of business on 2<sup>nd</sup> April 2004. The ex-dividend date will be 31<sup>st</sup> March 2004.

**9. Qualifying Employee Share Ownership Trust**

During the year, a further 544,464 (2002: 839,630) ordinary shares were subscribed for by the Jardine Lloyd Thompson Group plc Qualifying Employee Share Ownership Trust (the "QUEST") at a market value of £3,000,000 (2002: £5,000,000). The company has provided £3,000,000 (2002: £5,000,000) to the QUEST for this purpose. These shares are allocated to employees in satisfaction of options that are being exercised under the Jardine Lloyd Thompson Sharesave Schemes. The cost of the additional contribution has been transferred by the Company directly to the profit and loss account reserve, together with exercise proceeds received of £2,054,000 (2002: nil), giving a net charge of £946,000 (2002: £5,000,000).

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**10. Earnings per Share**

- i) Basic earnings per share are calculated by dividing the profit after taxation and minority interests by the weighted average number of shares in issue.
- ii) Fully diluted earnings per share are calculated by dividing the profit after taxation and minority interests by the adjusted weighted average number of shares in issue.
- iii) Basic earnings per share, excluding exceptional items are calculated by dividing the adjusted profit, excluding exceptional items by the weighted average number of shares in issue.
- iv) Fully diluted earnings per share, excluding exceptional items are calculated by dividing the adjusted profit, excluding exceptional items, by the adjusted weighted average number of shares in issue.
- v) Basic earnings per share, excluding exceptional items and goodwill amortisation, are calculated by dividing the adjusted profit excluding exceptional items, and goodwill amortisation, by the weighted average number of shares in issue.
- vi) Fully diluted earnings per share, excluding exceptional items and goodwill amortisation, are calculated by dividing the adjusted profit excluding exceptional items and goodwill amortisation, by the adjusted weighted average number of shares in issue.

The weighted average number of shares in issue has been calculated after excluding the Group's share of MAROT's interest in the share capital of Jardine Lloyd Thompson Group plc, prior to its disposal. Shares held by the Trustees of the Employees' Share Ownership Plan Trust in respect of the Jardine Lloyd Thompson Group Restricted Share Scheme have also been excluded.

As explained in note 2 on page 12, the comparative financial information has been restated in respect of FRS 5 Application Note G.

		<b>2003</b>		<b>2002</b>	
		<b>No of shares</b>		<b>No of shares</b>	
Weighted average number of shares in issue		<b>197,343,506</b>		193,792,217	
Effect of outstanding share options		<b>3,129,047</b>		5,848,152	
<b>Adjusted weighted average number of shares</b>		<b>200,472,553</b>		<b>199,640,369</b>	
		<b>2003</b>		<b>2002 restated see note 2</b>	
		<b>Basic</b>		<b>Basic</b>	
		<b>pence</b>		<b>pence</b>	
		<b>per</b>		<b>per</b>	
		<b>share</b>		<b>share</b>	
		<b>Diluted</b>		<b>Diluted</b>	
		<b>pence</b>		<b>pence</b>	
		<b>per share</b>		<b>per share</b>	
<i>Earnings reconciliation</i>	<b>£'000</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Profit after taxation and minority interests</b>	<b>72,804</b>	<b>36.9</b>	<b>36.3</b>	<b>67,802</b>	<b>35.0</b>
Exceptional items	<b>3,597</b>			<b>2,525</b>	
Profits on sale or closure of operations					
- exceptional	<b>(4,678)</b>			<b>(4,094)</b>	
Taxation charge/(credit) on exceptional items	<b>1,117</b>			<b>108</b>	
	<b>36</b>	<b>-</b>	<b>-</b>	<b>(1,461)</b>	<b>(0.8)</b>
<b>Adjusted profit excluding exceptional items</b>	<b>72,840</b>	<b>36.9</b>	<b>36.3</b>	<b>66,341</b>	<b>34.2</b>
Goodwill amortisation	<b>3,773</b>	<b>1.9</b>	<b>1.9</b>	<b>3,235</b>	<b>1.7</b>
<b>Adjusted profit excluding exceptional items and goodwill amortisation</b>	<b>76,613</b>	<b>38.8</b>	<b>38.2</b>	<b>69,576</b>	<b>35.9</b>

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**11. Investments in associated undertaking**

	Shares £'000	Share of retained profit £'000	Other Movements £'000	Total £'000
<i>Cost</i>				
<b>At 1st January 2003</b>	<b>1,328</b>	<b>6,495</b>	<b>-</b>	<b>7,823</b>
Exchange difference	81	21	-	102
Additions	117	-	-	117
Companies disposed of	(157)	-	-	(157)
Share of retained profit for the period	-	5,235	-	5,235
Dividends	-	(352)	-	(352)
Restructure of investment (see below)	-	-	(31,663)	(31,663)
<b>At 31st December 2003</b>	<b>1,369</b>	<b>11,399</b>	<b>(31,663)</b>	<b>(18,895)</b>
<i>Provisions</i>				
<b>At 1st January 2003</b>	<b>615</b>	<b>-</b>	<b>-</b>	<b>615</b>
Exchange difference	(52)	-	-	(52)
<b>At 31st December 2003</b>	<b>563</b>	<b>-</b>	<b>-</b>	<b>563</b>
<i>Net book value</i>				
<b>At 31st December 2003</b>	<b>806</b>	<b>11,399</b>	<b>(31,663)</b>	<b>(19,458)</b>
At 31st December 2002	713	6,495	-	7,208

During the year the Group's French associate, Marot Participations, sold its 5.1% cross shareholding in the Group and used the proceeds to repay bank borrowings. Following this transaction the entire issued capital of Marot Participations was acquired by a new holding company, Courcelles Participations, as part of a shareholder restructuring. Courcelles acquired Marot at fair value and consequently recognised goodwill on acquisition. The Group exchanged its 31% shareholding in Marot for a 31% shareholding in Courcelles and £31,663,000 in cash.

UITF 31 issued in October 2001 provides the appropriate Group accounting treatment. UITF 31 confirms that to the extent that the Group retains an ownership interest in the underlying business of Marot, that retained interest including any related pre-transaction goodwill, should be consolidated at its pre-transaction amount. UITF 31 prohibits the Group from recognising its share of the fair value of Courcelles on its balance sheet.

As a consequence the Group is required to treat the cash receipt from this transaction as a distribution from Courcelles which results in a negative carrying value for this investment. FRS9, Associates and Joint Ventures requires that this negative carrying value be regarded and presented as a liability even though no real liability exists.

The accounting treatment required by UITF31 and FRS9 does not reflect the true economic worth of this investment.

	2003 £'000	2002 £'000
<b>Balance sheet presentation</b>		
Fixed asset - investment in associated undertakings	332	7,208
Investment in associated undertaking	(19,790)	-
	<b>(19,458)</b>	<b>7,208</b>

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**12. Notes to the Consolidated Cash flow Statement**

	2003 £'000	2002 £'000
<b>Reconciliation of profit on ordinary activities before taxation to net cash inflow/outflow from operating activities</b>		
Profit on ordinary activities before taxation	111,015	100,664
Investment income receivable	(17,334)	(19,698)
Interest payable on finance leases	348	450
Interest payable on bank loans	-	-
Unwinding of provision discounting	632	648
Depreciation	8,119	8,465
ESOP amortisation	5,237	3,712
Goodwill amortisation	3,773	3,235
Loss on sale of fixed asset investments	10	13
Profit on sale of tangible fixed assets	(117)	(2)
Share of results of associated undertakings	(10,206)	(4,173)
Exceptional items	3,597	2,525
Losses/(profits) on the sale or closure of operations – exceptional	271	(4,094)
Decrease/(increase) in debtors excluding insurance broking balances	25,546	(48,366)
Increase in creditors excluding insurance broking balances	15,486	7,575
(Decrease)/increase in provisions for liabilities and charges	(39,803)	38,568

Net cashflow from operating activities (excluding insurance broking funds)

**106,574**      **89,522**

**Analysis of Changes in financing during the year**

	Share capital including premium £'000	Loans and finance lease obligations £'000
<b>Balance at 1st January 2003</b>	<b>36,878</b>	<b>11,208</b>
Cash flows from financing	5,639	(4,791)
Exchange adjustment	-	171
<b>Balance at 31st December 2003</b>	<b>42,517</b>	<b>6,588</b>

**Analysis of Net Funds**

	At 1st Jan 2003 £'000	Cash flow £'000	Reclassification £'000	Acquisitions/ Disposals £'000	Exchange Adjustment £'000	At 31st Dec 2003 £'000
Cash	97,507	6,973	-	9,499	(909)	113,070
Investments & deposits	325,021	62,871	-	-	-	387,892
Loan notes	(303)	40	-	-	-	(263)
Finance leases	(905)	(26)	-	-	(171)	(1,102)
Debts due within one year	-	-	-	-	-	-
Other borrowings due within one year	(5,000)	4,777	(5,000)	-	-	(5,223)
Other borrowings due after one year	(5,000)	-	5,000	-	-	-
	<b>411,320</b>	<b>74,635</b>	<b>-</b>	<b>9,499</b>	<b>(1,080)</b>	<b>494,374</b>

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**13. Acquisitions and Disposals**

During the year the following acquisitions and additional investments in existing businesses were completed.

	Cost £'000
Texas Specialty Insurance Agency Inc	2,926
HCC Employee Benefits	44,963
Thomas Winter Insurance Brokers Limited	3,885
Heath Lambert Aviation	9,375
Additional investments in existing businesses	6,893
	<b>68,042</b>

	Texas Specialty Insurance Agency Inc		
	Book value acquired £'000	Fair value adjustments £'000	Provisional Fair Value £'000
Tangible fixed assets	317	-	317
Insurance broking debtors	688	-	688
Debtors	245	-	245
Cash at bank	1	-	1
Cash at bank - insurance broking funds	361	-	361
Insurance broking creditors	(505)	-	(505)
Creditors	(301)	98	(203)
Provision for liabilities and charges	-	(2,741)	(2,741)
	<b>806</b>	<b>(2,643)</b>	<b>(1,837)</b>

	Heath Lambert Aviation		
	Book value acquired £'000	Fair value adjustments £'000	Provisional Fair value £'000
Insurance broking debtors	90,799	(3,450)	87,349
Cash at bank - insurance broking funds	7,482	-	7,482
Insurance broking creditors	(98,281)	-	(98,281)
Creditors	-	(150)	(150)
	<b>-</b>	<b>(3,600)</b>	<b>(3,600)</b>

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**13. Acquisitions and Disposals cont'd**

**Assets and liabilities of businesses acquired - summary**

	Texas Specialty Insurance Agency Inc £'000	HCC Employee Benefits £'000	Heath Lambert Aviation £'000	Thomas Winter Insurance Brokers Limited £'000	Other businesses £'000	2003 £'000	2002 £'000
Tangible fixed assets	317	332	-	74	-	723	(8)
Investment in associated undertakings	-	-	-	-	117	117	-
Other investments	-	30	-	-	-	30	-
Insurance broking debtors	688	-	87,349	1,558	-	89,595	-
Debtors	245	-	-	70	-	315	(3)
Cash at bank	1	-	-	65	-	66	153
Cash at bank - insurance broking funds	361	-	7,482	1,590	-	9,433	-
Insurance broking creditors	(505)	-	(98,281)	(2,803)	-	(101,589)	-
Creditors	(203)	-	(150)	(113)	-	(466)	(31)
Taxation	-	-	-	(50)	-	(50)	(122)
Provision for liabilities and charges	(2,741)	-	-	(44)	-	(2,785)	-
Minority interests	-	-	-	-	2,418	2,418	192
	(1,837)	362	(3,600)	347	2,535	(2,193)	181
Goodwill	4,763	44,601	12,975	3,538	4,358	70,235	2,561
Cost of acquisition	2,926	44,963	9,375	3,885	6,893	68,042	2,742

**Cost of acquisition comprised**

Cash	2,926	-	3,125	2,746	6,403	15,200	2,258
Deferred consideration	-	44,963	6,250	1,139	490	52,842	484
	2,926	44,963	9,375	3,885	6,893	68,042	2,742

The fair value adjustments contain some provisional amounts which will be finalised in the 2004 financial statement.

Except as disclosed above all assets and liabilities are stated at their fair value, no adjustment has been made to their book value. An amount of £35.1 million in respect of the deferred consideration for HCC Employee Benefits was paid on 2nd January 2004.

**Disposals**

During the year a number of minor disposals were completed, none of which were individually significant

	2003 £'000	2002 £'000
<b>Assets and liabilities of businesses sold</b>		
Intangible assets	256	260
Tangible assets	-	75
Investments in associates	157	1,150
Insurance broking debtors	-	43
Debtors	-	100
Cash at bank	-	47
Creditors	-	(74)
Taxation	-	(3)
	413	1,598
(Loss)/Gain on disposal	(271)	4,094
	142	5,692
Goodwill previously written off	-	365
<b>Proceeds</b>	142	6,057

All proceeds were received in cash.

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**14. Pensions**

These statements have been prepared under SSAP 24. The total pension cost for the Group is £19,520,000 which includes a net cost of £13,461,000 in respect of defined benefit schemes operated by the Group in the UK and USA.

Set out below is the indicative information on changes in net assets and the consolidated profit and loss reserve which would arise from the valuation of the Group pension schemes assets and liabilities in accordance with FRS 17 principles at 31st December 2003.

The principal actuarial assumptions used as at 31st December 2003 were:

	<b>UK</b>		<b>USA</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Rate of increase in salaries	4.00	3.75	4.50	4.50
Rate of increase in pensions in payment (retail prices limited to 5% per annum*)	2.50	2.25	n/a	n/a
Discount rate	5.60	5.75	6.25	6.75
Inflation rate	2.50	2.25	3.00	3.00
Revaluation rate for deferred pensioners	2.50	2.25	n/a	n/a

\* Provision has been made for alternative pension increase guarantees where appropriate.

On this basis, the market value of the assets in the schemes and the present value of the liabilities in the scheme were:-

	<b>UK</b>	<b>USA</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>31st December 2003</b>			
Total of fair value assets	190,197	20,678	210,875
Present value of scheme's liabilities	(347,160)	(25,088)	(372,248)
Deficit in schemes	(156,963)	(4,410)	(161,373)
Related deferred tax assets	47,089	1,499	48,588
Net pension liabilities	(109,874)	(2,911)	(112,785)
<b>31st December 2002</b>			
Total of fair value assets	155,894	20,042	175,936
Present value of scheme's liabilities	(277,058)	(24,635)	(301,693)
Deficit in schemes	(121,164)	(4,593)	(125,757)
Related deferred tax assets	36,349	1,837	38,186
Net pension liabilities	(84,815)	(2,756)	(87,571)

Under SSAP 24 the Group had total provisions of £10,377,000 representing the excess of the accumulated pension costs over the amount funded. If FRS 17 had been adopted in the financial statements, the Group's net assets and profit and loss reserve would be as follows:



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**14. Pensions cont'd**

	<b>2003</b>	<b>Restated see note 2 2002</b>
	<b>£'000</b>	<b>£'000</b>
Net assets per consolidated balance sheet (including SSAP 24 provisions)	190,496	153,928
Existing pension provisions under SSAP 24	10,377	7,081
Pension liability under FRS 17	(112,785)	(87,571)
Revised net assets	<u>88,088</u>	<u>73,438</u>
Profit and loss reserve per consolidated balance sheet (including SSAP 24 provisions)	147,979	117,050
Existing pension provisions under SSAP 24	10,377	7,081
Pension liability under FRS 17	(112,785)	(87,571)
Revised profit and loss reserve	<u>45,571</u>	<u>36,560</u>

The charge to the profit and loss account for the cost of the defined benefit schemes in the UK and USA would have increased as follows:

	<b>FRS 17 £'000</b>	<b>Existing £'000</b>	<b>Increase/ (decrease) £'000</b>
Cost of pension contributions	12,346	14,681	(2,335)
Amortisation of existing pension provisions	-	(1,220)	1,220
Amount charged to operating profit	12,346	13,461	(1,115)
Amount charged to net finance income	3,804	-	3,804
Net charge to profit and loss account	<u>16,150</u>	<u>13,461</u>	<u>2,689</u>

15. The financial information contained in this preliminary announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The results for the year ended 31st December 2003 are unaudited and statutory accounts have not yet been delivered to the Registrar of Companies.
16. Statutory accounts for the year ended 31st December 2003 will be posted to shareholders no later than 22nd March 2004 and delivered to the Registrar of Companies following the Annual General Meeting on 30th April 2004.
17. The shareholders entered in the Register of Members at 4.00pm on 2nd April 2004 will be entitled to the proposed final dividend of 12p per share which will, subject to approval at the Annual General Meeting to be held on 30th April 2004, be payable on 4th May 2004.
18. Copies of the preliminary press release (and statutory accounts when available) may be obtained from the Secretary, Jardine Lloyd Thompson Group plc, 6 Crutched Friars, London EC3N 2PH.